



Central Vermont Public Service Corporation

Power Planning & Regulatory Affairs

March 23, 2007

Ms. Susan M. Hudson, Clerk
Vermont Public Service Board
Chittenden Bank Building, 4th Floor
112 State Street
Post Office Drawer 20
Montpelier, Vermont 05620-2701

Re: Forward Capacity Market Issues

Dear Ms. Hudson:

By Memorandum of March 5, 2007, the Public Service Board (the "Board") requested comments from interested parties on two issues unresolved in the Board's December 14, 2006 Order ruling that Efficiency Vermont ("EVt"), through Vermont Energy Investment Corporation ("VEIC"), should participate in the ISO-NE Forward Capacity Market ("FCM") transition period. Specifically, the Memorandum asks: (1) whether VEIC is the appropriate entity to submit bids into the FCM for energy efficiency resources?; and (2) what is the appropriate distribution of any excess funds? This letter sets forth Central Vermont Public Service Corporation's ("Central Vermont," "CVPS" or the "Company") comments.

1. VEIC should continue to participate in the ISO-NE FCM and submit bids for EVt's energy efficiency resources.

Central Vermont supports the continued authorization for VEIC to participate in the FCM and to submit bids for energy efficiency resources associated with the programs delivered by Efficiency Vermont.

Central Vermont also recommends that all costs to participate in the FCM, including any up front filing fees, come from the funds collected via the Energy Efficiency Charge ("EEC"). The efforts undertaken by VEIC as the Board's contractor through the continued appointment will be

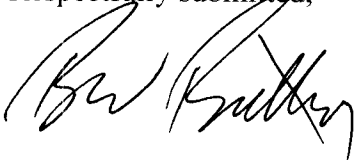
for the benefit of the programs delivered by EVt. In this way, the costs of FCM participation are a component of the provision of EVt services. Efforts should be taken to assure that obligations associated with EVt's FCM participation are assignable by the VEIC, and follow the terms of their efficiency utility appointment and FCM participation authorization.

2. Excess Funds Resulting From EVt's FCM Participation Should be used to Expand Geo-Targeting Efforts.

Since the efficiency resources acquired by Efficiency Vermont that form the basis for any FCM participation were developed with EEC funding, CVPS believes it makes sense that any excess funds be used to serve the purposes of the EEC. Since the Board has recently found that an EEC budget adjustment for geo-targeting purposes is appropriate, the Company recommends that excess funds initially be used to supplement committed geo-targeting efforts. Alternatively, any FCM payments resulting in excess funds could be used to defray costs associated with other EVt programs.

Central Vermont appreciates the opportunity to comment. Should you have questions or wish to discuss this matter further, please do not hesitate to contact me.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Bruce Bentley", written over a horizontal line.

Bruce W. Bentley, Team Leader
IRP & Regional Transmission